

Milwaukee County Employees' Retirement System (ERS)
Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 9-2-10, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:

Guy Stuller
Keith Garland
Marilyn Mayr

Others Present:

Gerald Schroeder	David Arena
Sushil Pillai	Mark Grady
Steve Huff	Dale Yerkes

Five (5) handouts were provided to the Audit Committee members and others:

- Investment Process Assessment -- Sushil Pillai
 - Pension Benefits Changes -- Calendar Year vs Pay Periods
 - Draft 2011 Board & Committees Schedule
 - Deferred Retirement Notification -- Discussion Paper
 - ERS Check Register
 - Portfolio Summary -- Fiscal Report
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1. Topic: Investment Portfolio Assessment -- Sushil Pillai

An overview of the Investment Assessment project was provided. It was pointed out that this project was recommended by Baker Tilly since 2008. It is viewed as a short-term County quality assurance initiative. The focus will be on the interrelatedness of the Board, Fiscal unit and the Investment Group (Custodial, Advisor and Fund Managers).

The intent of the project is to establish County guidelines, validate compliance, establish internal controls and clarify ethics policies.

Mr. Pillai also asked that any inquiries or concerns be routed to him for appropriate response.

2. Topic: Pension Benefits: Calendar vs Pay Periods – Discussion

The issue of ERS wanting to use a uniform approach for V-3 programming was discussed. Some calculations are based on pay periods while the effective date of some benefit changes is a specific date. Although, using payroll periods may be appropriate for calculating benefits, it may not be appropriate for union contracts and other documents. This may ultimately require a Board Rule, if the committee makes a recommendation.

The Audit Committee requested that this be placed on the next month's agenda, with examples of various scenarios that would be affected.

3. Topic: 2010/2011 RFP List: Actuary, Auditor, Banking & Legal Services

Discussion took place relating to the need to update our RFP List and include actuarial services, auditing, banking and legal services. It was pointed out that Milwaukee County RFP's and contracts for auditing services. The ERS annual audit performed by Baker Tilly, is also charged to this County contract. The Audit Committee may not want to pursue this RFP with a needless cost attached to it.

Mark Grady indicated that it was the intent of Corporation Counsel to issue an RFP for legal services related to ERS work in the very near future.

ERS will bring a tentative 2010/2011 RFP List with dates, to the next committee meeting.

4. Topic: County Audit Sign-Off Process - Discussion

The issue of signing-off on the annual audit by BakerTilly was discussed. In the past, the ERS Manger performed this duty. The committee felt that a two-tier approach would be more appropriate, from a fiduciary perspective. Therefore, the annual audit sign-off responsibility will follow this two-tier approach:

- ERS Manager
- Pension Board Chair

5. Topic: 2011 Pension Board & Committees Schedule - Draft

The draft 2011 meetings schedule was distributed for discussion. It was determined that it would be placed on the Pension Board agenda for September, for Board members to review. Approval in October would be pursued, with any recommended modifications.

6. Topic: Deferred Retirement Notification Policy - Discussion

The past practice of ERS not notifying deferred members when they turned 60 was discussed. Currently, ERS has 300 such members with potential benefits, who have not applied for retirement. V-3 is programmed to do a notification letter. ERS presented the view that it we should be providing notification to such members, from an ethical and customer service perspective. It was noted that ERS has no legal requirement to do so.

The committee endorsed the recommendation of a notification 60 days prior to eligibility to retire and agreed to put it on the Pension Board agenda for September. A V-3 form letter will be distributed at the next Board meeting.

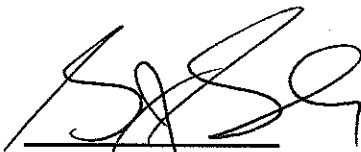
7. Topic: 2010 Check Register – Discussion

The ERS Check Register was reviewed with the Fiscal Officer as an informational document. Basic questions were answered or clarification was provided. The committee requested that it be provided quarterly, as a committee tool.

8. Topic: 2010 Portfolio Summary - Discussion

General discussion took place concerning the Portfolio Summary Report. It pretty much reflects what is in the monthly Flash Report, but with more manager detail. The Fiscal Officer will clean the report up and distribute it on a monthly basis.

9. Topic: The Audit Committee adjourned at 2:46 PM



Submitted by
Gerald J. Schroeder
ERS Manager